

OPEB - Retiree Life Insurance Benefit Alternatives

May 2007

	Unfunded <u>Liability</u>	Annual Required <u>Contribution</u>
Original Evaluation - Current Benefits and 4% Discount Rate	<u>66,797,000</u>	<u>6,413,000</u>
Evaluation increasing discount rate to 5.25% by providing initial funding from the Group Hospital Fund	<u>51,014,000</u>	<u>5,165,000</u>
Evaluation with \$20,000 benefit and 5.25% discount rate	<u>26,429,000</u>	<u>2,389,000</u>
Evaluation with \$10,000 benefit and 5.25% discount rate	<u>14,711,000</u>	<u>1,208,000</u>

Note: The \$20,000 benefit includes increase of \$2,000 every four years.

Other changes to be considered:

1. New employees would not receive retiree life insurance.
2. Deferred retirees would not receive retiree life insurance.

Note: Amounts based on June 30, 2006 data.

OPEB - Retiree Health Insurance Benefit Alternatives

May 2007

	<u>Unfunded Liability</u>	<u>Annual Required Contribution</u>
Original Evaluation - Current Benefits and 4% Discount Rate	<u>421,709,000</u>	<u>42,639,000</u>
Evaluation increasing discount rate to 5.25% by providing initial funding from the Group Hospital Fund	<u>339,244,000</u>	<u>36,138,000</u>
Provide retiree over 65 and Medicare coordinated health plan, change premium share to attached schedule 2 (Ford proposal) with 5.25% discount rate	<u>216,348,000</u>	<u>23,057,000</u>
Provide retiree over 65 and Medicare coordinated health plan, change premium share to attached schedule 1 with 5.25% discount rate	<u>185,608,000</u>	<u>19,931,000</u>

Other changes to be considered:

1. New employees would not be eligible for under 65 retiree health insurance.
2. New employees would have to have 15 years of service to be eligible for over 65 health insurance.
3. Deferred retirees would not be eligible for under 65 retiree health insurance.
4. Retiree health insurance for dependents is only available to dependents at the date of retirement.

Note: Amounts based on June 30, 2006 data.

Retirees' Health Insurance Premium - Retirees' Share

May 2007

<u>Service Years at Retirement</u>	<u>Current</u>	<u>Proposed Schedule 1</u>	<u>Proposed Schedule 2</u>
Retirees Under 65:			
Over 25 years	30.0%	40.0%	30.0%
21 - 25 years	30.0%	50.0%	30.0%
16 - 20 years	39.0%	75.0%	40.0%
11 - 15 years	40.5%	100.0%	50.0%
7.5 - 10 years	42.0%	100.0%	60.0%
Under 7.5 years	N/A	N/A	N/A

N/A - retiree health insurance not available

Retirees Over 65: (1)			
Over 25 years	30.0%	30.0%	30.0%
21 - 25 years	30.0%	35.0%	30.0%
16 - 20 years	39.0%	40.0%	40.0%
11 - 15 years	40.5%	50.0%	45.0%
7.5 - 10 years	42.0%	60.0%	50.0%
Under 7.5 years	100.0%	100.0%	100.0%

(1) - Current reflects total premium reduced so maximum County share is 70%.